

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814
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October 30, 1986



ALL-COUNTY LETTER NO. 86-108

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY AUDITORS
ALL COUNTY FISCAL OFFICERS
ALL COUNTY ADMINISTRATION SERVICES OFFICERS

SUBJECT: FISCAL IMPACT OF COLAS ON FOSTER CARE RATES

REFERENCE: ALL COUNTY LETTER NO. 86-83, DATED AUGUST 26, 1986.
THE SEPTEMBER 17, 1986 NOTICE TO ALL COUNTY WELFARE
DIRECTORS

Background

All-County Letter (ACL) No. 86-83, dated August 26, 1986 promulgated the cost of living adjustments (COLAS) for foster care providers which were effective July 1, 1986. A Notice addressed to All County Welfare Directors was sent on September 17, 1986 alerting counties to the requirement that all payments made to foster care providers for or including a COLA pursuant to ACL No. 86-83 must be readily identifiable. The explanation for this requirement was that Public Law (PL) 99-177, Section 256(f) of the "Balanced Budget and Emergency Deficit Control Act of 1985" (popularly known as the "Gramm-Rudman-Hollings Law") prohibits federal financial participation (FFP) in any COLA which was effective on or after October 1, 1985 and if the payments were made after February 28, 1986. Section 256(f) also requires special reporting of these amounts.

The September 17, 1986 Notice was prompted by a Program Instruction (PI) dated May 13, 1986, but not received in California until September from the Department of Health and Human Services, Administration for Children, Youth and Families (ACYF). The intent of the September 17th Notice to the CWDs was to avoid the high cost of retroactively identifying these COLA amounts as required in the PI.

After analyzing the specific language in PL 99-177, Section 256(f) as compared with the PI instructions, we now believe the PI requirements are not applicable to California. We are advising ACYF of our position. In the interim, the Department will continue to claim FFP for all rate increases.

REPORTING INSTRUCTIONS

All payments for COLA (or COLA amounts if included in the monthly

payments) for services rendered in July, August and September 1986 must be totaled and entered on the Form CA 800 FC (FED), Summary Report of Assistance Expenditures - Federal Children in Foster Care. In the space beside Line 13A, type in:

"COLAs paid in 8/86 \$ _____"

"COLAs paid in 9/86 \$ _____"

"COLAs paid in 10/86 for FFY '86 \$ _____"

"COLAs paid in 10/86 for FFY '87 \$ _____"

Currently, the prohibition on FFP as interpreted in the PI is applicable only for payments for services rendered in July, August and September 1986; that is, the last three months of Federal fiscal year (FFY) 1986. It is unknown if the prohibition will be extended to FFY 1987 but we are advised that, if it is, it will be retroactive. Therefore, on the November 1986 Summary Report (for the claim submitted in December 1986 for services rendered in November 1986) type in only:

"COLAs paid in 11/86 for FFY '86 \$ _____"

"COLAs paid in 11/86 for FFY '87 \$ _____"

We are requiring that this identification be continued until further notice. Records must be maintained at the county level to substantiate the amounts entered on the Summary Reports; i.e., case numbers, warrant numbers, month in which the service was rendered, etc.

Entering this information in the area designated on the Summary Report will not affect the federal, state and county participation and will enable our department to accumulate the data statewide.

If there are any questions, please call Ms. Willa Wallen, Fiscal Policy and Procedures Bureau, at (916) 322-9288 or ATSS 492-9288.

Robert Sertich

ROBERT T. SERTICH
Deputy Director
Administration

cc: CWDA